

AMENDED IN SENATE JUNE 30, 2003

AMENDED IN SENATE JUNE 18, 2003

AMENDED IN ASSEMBLY APRIL 28, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1214

**Introduced by Assembly Member Firebaugh
(Coauthor: Assembly Member Levine)**

February 21, 2003

An act to add and repeal Section 2827.10 of the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1214, as amended, Firebaugh. Net energy metering: fuel cell customer-generators.

(1) Existing law, until January 1, 2006, requires electrical corporations, as defined, to provide eligible biogas digester customer-generators, as defined, with net energy metering, as defined, under a pilot program.

This bill, until January 1, 2009, would require every electrical corporation, as defined, to provide net energy metering, as defined, for eligible fuel cell customer-generators, as defined, until the total cumulative rated generating capacity used by the eligible fuel cell customer-generators equals 75 megawatts within the service territory of the electrical corporation *for an electrical corporation with a peak demand above 10,000 megawatts, or equals 22.5 megawatts within the service territory of the electrical corporation for an electrical corporation with a peak demand of 10,000 megawatts or below.* The bill

would prohibit the combined statewide cumulative rated generating capacity used by the eligible fuel cell customer-generators in the service territories of all electrical corporations from exceeding ~~225~~ 172.5 megawatts. Because a violation of these provisions would be a crime under existing law, this bill, by establishing a new crime, would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2827.10 is added to the Public Utilities
2 Code, to read:

3 2827.10. (a) The Legislature finds and declares both of the
4 following:

5 (1) A program to provide net energy metering for eligible fuel
6 cell customer-generators is one way to encourage substantial
7 private investment in these energy resources, stimulate in-state
8 economic growth, reduce demand for electricity during peak
9 consumption periods, help stabilize California's energy supply
10 infrastructure, enhance the continued diversification of
11 California's energy resource mix, and reduce interconnection and
12 administrative costs for electricity suppliers.

13 (2) The net energy metering program authorized pursuant to
14 this section for eligible fuel cell customer-generators, which nets
15 electricity generated by an eligible customer-generator against
16 electricity supplied through the electric grid to that
17 customer-generator on a time-of-use basis, furthers the intent of
18 Chapter 7 of the Statutes of 2001, First Extraordinary Session, by
19 facilitating the implementation of energy efficiency programs in
20 order to reduce consumption of energy, reduce the costs associated
21 with energy demand, and achieve a reduction in peak electricity
22 demand.



(b) As used in this section, the following terms have the following meanings:

(1) “Electrical corporation” means an electrical corporation, as defined in Section 218.

(2) “Eligible fuel cell electrical generating facility” means a facility that includes the following:

(A) Integrated powerplant systems containing a stack, tubular array, or other functionally similar configuration used to electrochemically convert fuel to electric energy.

(B) An inverter and fuel processing system where necessary.

(C) Other plant equipment, including heat recovery equipment, necessary to support the plant’s operation or its energy conversion.

(3) “Eligible fuel cell customer-generator” means a customer of an electrical corporation that meets all the following criteria:

(A) Uses a fuel cell electrical generating facility with a capacity of not more than one megawatt that is located on or adjacent to the customer’s owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid while the grid is operational or in a grid independent mode when the grid is nonoperational, and is sized to offset part or all of the eligible fuel cell customer-generator’s own electrical requirements.

(B) Is the recipient of local, state, or federal funds, or who self-finances projects designed to encourage the development of eligible fuel cell electrical generating facilities.

(C) Uses technology that meets the definition of an “ultra-clean and low-emission distributed generation” in subdivision (a) of Section 353.2.

(4) “Net energy metering” means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible fuel cell customer-generator and sent to the electric grid as described in subdivision (e). Net energy metering shall be accomplished using a time-of-use meter capable of registering the flow of electricity in two directions. If the existing electrical meter of an eligible fuel cell customer-generator is not capable of measuring the flow of electricity in two directions, the eligible fuel cell customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters

1 are installed, the net energy metering calculation shall yield a
2 result identical to that of a single time-of-use meter.

3 (c) Every electrical corporation shall, not later than March 1,
4 2004, file with the commission a standard tariff providing for net
5 energy metering for eligible fuel cell customer-generators,
6 consistent with this section. Every electrical corporation shall
7 make this tariff available to eligible fuel cell customer-generators
8 upon request, on a first-come-first-served basis, until the total
9 cumulative rated generating capacity used by the eligible fuel cell
10 customer-generators equals 75 megawatts within the service
11 territory of the electrical corporation *for an electrical corporation*
12 *with a peak demand above 10,000 megawatts, or equals 22.5*
13 *megawatts within the service territory of the electrical corporation*
14 *for an electrical corporation with a peak demand of 10,000*
15 *megawatts or below.* The combined statewide cumulative rated
16 generating capacity used by the eligible fuel cell
17 customer-generators in the service territories of all electrical
18 corporations in the state may not exceed ~~225~~ 172.5 megawatts.

19 (d) In determining the eligibility for the cumulative rated
20 generating capacity within an electrical service area, preference
21 shall be given to facilities which, at the time of installation, are
22 located in a community with significant exposure to air
23 contaminants or localized air contaminants, or both, including, but
24 not limited to, communities of minority populations or
25 low-income populations, or both, based on the ambient air quality
26 standards established pursuant to Section 39607 of the Health and
27 Safety Code.

28 (e) Each net energy metering contract or tariff shall be
29 identical, with respect to rate structure, all retail rate components,
30 and any monthly charges, to the contract or tariff to which the
31 customer would be assigned if the customer was not an eligible
32 fuel cell customer-generator. Any new or additional demand
33 charge, standby charge, customer charge, minimum monthly
34 charge, interconnection charge, or other charge that would
35 increase an eligible fuel cell customer-generator's costs beyond
36 those of other customers in the rate class to which the eligible fuel
37 cell customer-generator would otherwise be assigned are contrary
38 to the intent of the Legislature in enacting the act adding this
39 section, and may not form a part of net energy metering tariffs.



1 ~~(f) For each billing period, the compensation owed to the~~
2 ~~electrical corporation for the eligible fuel cell customer generators~~
3 ~~net consumption during any time or use period shall be calculated~~
4 ~~according to the terms of the contract or tariff to which the same~~
5 ~~customer would be assigned to or be eligible for if the customer~~
6 ~~was not an eligible fuel cell customer generator. When those same~~
7 ~~customer generators are net generators during any discrete time of~~
8 ~~use period, the net kilowatthours produced shall be valued and~~
9 ~~credited to the eligible fuel cell customer generator at the same~~
10 ~~price per kilowatthour as the electrical corporation would charge~~
11 ~~for retail kilowatthour sales during that same time of use period.~~
12 ~~Net metering calculations shall be made on a monthly basis.~~

13 *(f) The net metering calculation shall be carried out in*
14 *accordance with subdivision (h) of Section 2827.*

15 (g) This section shall remain in effect only until January 1,
16 2009, and as of that date is repealed, unless a later enacted statute,
17 that is enacted before January 1, 2009, deletes or extends that date.

18 SEC. 2. No reimbursement is required by this act pursuant to
19 Section 6 of Article XIII B of the California Constitution because
20 the only costs that may be incurred by a local agency or school
21 district will be incurred because this act creates a new crime or
22 infraction, eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section 17556 of
24 the Government Code, or changes the definition of a crime within
25 the meaning of Section 6 of Article XIII B of the California
26 Constitution.